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MAPLEX

Management & Holdings Limited

Jury
Gmaplex



*More than a
Good Investment*

1979 Annual Report

MAPLEX Management & Holdings Limited

Annual Report 1979

8-Year Financial Highlights	1979	1978	1977	1976	1975	1974	1973	1972
Total Assets (\$000)	19,282	16,365	13,129	9,414	7,336	6,035	5,545	5,121
Operating Results (\$000)								
Gross Operating Income	11,555	9,514	8,690	7,166	5,259	4,103	3,355	3,015
Net earnings:								
From operations	707	399	686	352	367	204	121	(168)
Gain on securities net of income taxes	1,412	391	160	(1)	—	(15)	62	306
Extraordinary items	—	—	—	—	52	—	78	41
Total Net Earnings	2,119	790	846	351	419	189	261	179
Per share statistics								
Total shares outstanding at year end	439,187	439,187	439,187	439,187	439,187	405,368	405,368	362,620
Earnings:								
From operations	1.61	0.91	1.57	0.88	0.87	0.51	0.32	(0.82)
Gain on securities net of income taxes	3.21	0.89	0.36	—	—	(0.04)	0.15	1.50
Extraordinary item	—	—	—	—	0.12	—	0.20	0.20
Total	4.83	1.80	1.93	0.80	0.99	0.47	0.68	.88
Dividends paid	0.32	0.15	0.14	0.12½	0.12	0.11	0.10	0.09
Net worth at book value	13.83	9.32	7.90	6.11	5.44	4.92	4.56	4.05

	Contents	Annual Meeting
1	Directors and Officers	2:00 p.m. Saturday,
3	Maplex Management & Holdings Limited, President's Report	March 29, 1980 3228 South Service Road Burlington, Ontario L7N 3H8
4	Abstainers' Insurance Company, President's Report	
5	Maplex General Insurance Company, President's Report	
6	An Endorsement of a Lifestyle	
10	Consolidated Financial Statements	
12	Auditors' Report	
14	Abstainers' 10 year financial summary	



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Seated l. to r.: R. G. Groom, Q.C., J. D. McNie, D. M. Alloway, C. A. Blair, R. S. Mills, Q.C. Standing l. to r.: V. A. Henkelman, G. C. Noble, R. J. Hand, S. M. Fletcher. Absent from picture S. R. Bernardo.

Directors

- **D. M. Alloway, Toronto
- *S. R. Bernardo, Weston
- **C. A. Blair, Burlington
- S. M. Fletcher, Hamilton
- R. G. Groom, Q.C.,
Tillsonburg
- R. J. Hand, Kingston
- *V. A. Henkelman, Oshawa
- J. D. McNie, Hamilton
- **R. S. Mills, Q.C., Toronto
- *G. C. Noble, Toronto

Officers

D. M. Alloway, President
C. A. Blair, Treasurer
R. S. Mills, Q.C., Secretary

*Members of the Audit Committee

**Members of the Investment Committee

Head Office:

Ste. 701, 180 Duncan Mill Road Don Mills, Ontario M3B 1Z6

Transfer Agent:

Canada Permanent Trust Company
20 Eglinton Avenue West Toronto, Ontario M4R 2E2

Listed:

The Toronto Stock Exchange Symbol: MMH

Subsidiaries:

Abstainers' Insurance Company
3228 South Service Road Burlington, Ontario L7N 3H8

Maplex General Insurance Company
3228 South Service Road Burlington, Ontario L7N 3H8

Trans-Canada Investment Corporation Limited
Ste. 701, 180 Duncan Mill Road Don Mills, Ontario M3B 1Z6

PRESIDENT'S REPORT

To the Shareholders of Maplex Management & Holdings Limited



It is a pleasure to present to you the results of your Company for the year ended on December 31, 1979, a year of record profits.

The income from operations after income tax of \$105,500 amounted to \$1.61 per share, compared with 91¢ per share in 1978, or a total of \$707,000 against \$400,000 last year. The low rate of income tax is due to the incidence of dividend income from Canadian corporations which is tax free in the hands of your Company. We shall continue to minimize the Company's income tax liability where it is economically feasible.

In addition to the income from operations your Company realized significant capital gains on the sale of certain investments which, after income taxes, amounted to \$3.21 per share compared with 0.89¢ in 1978. It is our feeling that 1979 was an unusual year in the stock market and capital gains at such high levels must not be considered an annual occurrence. Included in these gains were \$710,000 of capital gains which had built up prior to December 31, 1978.

In Abstainers' Insurance Company premium income rose to a record \$10,982,000, an increase of 18.4% over 1978 while claim benefits paid to insureds rose by only 9.7% to \$6,160,000.

The Company recorded an underwriting loss in 1979 of \$131,000 compared with a loss of \$243,000 in 1978. The high level of business written in January 1980 and the good claims experience in that month due to the good weather conditions give rise to some optimism for the current year and, in fact, a small underwriting profit is budgeted for 1980.

Your new wholly-owned subsidiary, Maplex General Insurance Company, recorded exceptional growth this year with premiums written amounting to \$1,349,000, against budgeted written premiums of \$750,000. While an underwriting loss was experienced it is our hope that in 1980 this loss will be substantially reduced.

The number of policies in force totals 61,722 at December 31, an increase of 27.1% over 1978.

Investment income earned by the companies was \$1,313,000 this year compared with \$964,000 in 1978, an increase of 36%. With the increased value of the portfolio we believe that we can achieve further growth in 1980. During the year your management secured the services of Dominion Securities. Your Company's Investment Committee meet regularly with representatives of Dominion Securities to determine the most



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advantageous investment policies in these difficult and volatile times.

During the year your Company paid regular dividends of 8¢ and 12¢ and, in addition, paid a special dividend of 12¢ per share on November 15, 1979 for a total dividend of 32¢.

Mr. S. R. Bernardo, our founding President, resigned on June 30 as President of Maplex due to ill health. His valuable counsel and leadership over the years have helped to bring your Company to its present position. Mr. Bernardo will continue as a director so that his years of experience will not be lost to us.

I took on the responsibility of President following Mr. Bernardo's retirement and with the Maplex Board's support acquired 57% of the Company's voting shares through Consolidated Graphics Limited, a company of which I am the largest shareholder. I felt a substantial investment was important if I was to act in the capacity of President.

During the year we asked two more directors to fill vacancies on the Board until the next shareholders meeting. Mr. Victor Henkelman, until recently Executive Vice-President and now Vice-Chairman of Consolidated Graphics Limited, brings many years of

senior management expertise to the Board, and Mr. Richard Hand, Vice-Principal (Resources) at Queens University moved from the Board of Abstainers' Insurance Company to help in directing the affairs of the parent Company. I am delighted to have the benefit of the knowledge these two will bring to the direction of your Company.

The plans for your Company for 1980 call for a small increase in operating income, which includes underwriting profit and investment income. We shall continue to monitor the Company's affairs closely so that your investment and the ideals which the Company stand for are properly protected in these uncertain times.

Finally, I would like to extend my thanks and appreciation to the more than 70 employees and 120 agents who are the most valuable asset of the Company, and who have been instrumental in giving us another record year.

February 8, 1980

D. M. Alloway, President

PRESIDENT'S REPORT

Abstainers' Insurance Company



The year 1979 was entered by general insurance companies with considerable uncertainty because of dire predictions concerning prospects for the industry. While the market was very competitive, and industry loss experience was generally unsatisfactory, the Company performance was very gratifying.

The premium growth rate of 12.7%, which is substantially above industry averages, resulted in written premiums of \$10,307,450 compared to \$9,166,075 in 1978. In addition, written premiums of \$674,414 were received under the 50% Quota Share Treaty with Maplex General Insurance Company. The combined premium income of \$10,981,864 represents an increase of 18.4% over 1978.

Despite a 10% increase in incurred claims to a total of \$6,160,442, Abstainers' loss ratio of 62.9% was a significant improvement on the 1978 ratio of 66%. However, the expense ratio rose to 38.4% resulting in an operating ratio of 101.3%. The underwriting loss of \$130,709 is an improvement over 1978 loss of \$243,000. However, the investment income and gain on sale of investments brought after tax income to \$2,183,286 compared to \$934,512 in 1978. The per share earnings in 1979 were \$16.28 in comparison to \$6.41 in the previous year.

The increased in-force policy count, together with

the rating program increases introduced in October 1979, will enable continued premium growth this year.

During 1978, after considerable research, the Company commenced implementation of a completely automated rating, billing and claims-handling system, to improve service to agents and insureds, and to provide capacity for future growth without undue cost. The first phase of implementation, in-house data collection, has been successfully completed, and the second phase, automated rating and printing of new policies and renewals, is scheduled for April 1, 1980.

The 1980 budget is \$12,480,000 in written premiums, \$9,783,500 (78%) from auto and \$2,696,500 (22%) from property.

Ontario is expected to produce 79% of the total and Alberta 21%.

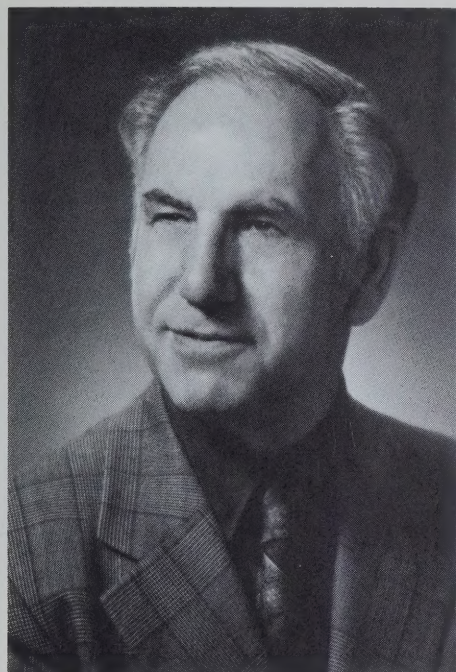
M. E. Schultz, *President*

PRESIDENT'S REPORT

Maplex General Insurance Company



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Maplex General Insurance Company in 1979, its first full year of operation, far exceeded its budget of \$750,000 with gross premium income of \$1,348,831. 60% of these premiums were automobile insurance premiums, and 40% property insurance premiums, with 78% of total premiums coming from the Province of Ontario and 22% from a new agency force in the Province of Alberta. All of these premiums were written under the Company's non-smoking program.

Half of the total premiums and half of the claims were ceded to Abstainers' Insurance Company in order to limit the liability of the new company. After all reinsurance, including external reinsurance of \$23,506 and a small amount of \$16,060 ceded to Facility, the Company retained \$634,851 of written premiums. However only 65% of these premiums or \$415,577 were earned in 1979.

Because of the rapid rate of growth, 79% of these earned premiums, or \$329,276, were allocated for claims and claims expense, leaving only \$86,301 for expenses. Expenses were \$225,478, or 54% of earned premiums, giving an operating ratio to earned premiums of 133%, producing an underwriting loss of 33% or \$139,177. However, expenses are usually related to written

premiums, and are 35% of \$634,851, a reasonable expense ratio for a new company.

Investment income, including a \$6,798 gain on the sale of investments, amounted to \$93,909, but a provision for decline in quoted market value of marketable securities of \$23,500 reduced this amount to \$70,409.

When the net investment income of \$70,409 is deducted from the underwriting loss of \$139,177, the net loss for 1979 amounted to \$68,768, a very reasonable amount for a Company which grew by over 500% in the year. This, when added to the restated loss for 1978 of \$14,224, produces a deficit to date of \$82,992, which reduces the contributed surplus to \$167,008, and when the latter is added to the share capital of \$755,000 produces a surplus for the protection of policyholders of \$922,008. The Company plans to eliminate this small deficit over the next two years, while continuing substantial growth.

The Company is budgeting for \$2,000,000 of premium income for 1980, 60% auto and 40% property, with 78% coming from the Province of Ontario and 22% from Alberta.

C. A. Blair, President

AN ENDORSEMENT OF A LIFESTYLE

In 1956, a group of enterprising businessmen saw a unique opportunity which arose from an ominous fact: alcohol was blamed as the culprit in many car accidents.

Out of this fact came an equally startling observation: non-drinkers were paying higher insurance premiums than necessary.

Something had to be done to separate and insure those who abstain from the use of alcohol from those whose lifestyle presented greater risk of accident. And so it was that on October 1, 1956, Abstainers' Insurance was born.

In the early days, Abstainers' operated out of a small office in Simcoe, Ontario. Almost immediately, the company prospered, and expanded to Alberta in 1962. Along the way, Abstainers' increased their services by writing policies protecting tenants or owners of residential properties.

Today, Abstainers' Insurance (and Maplex General, a sister company) operates out of spacious quarters in Burlington, Ontario. Abstainers' has about 55,000 policyholders and is served by more than 100 agents.

Throughout the years, Abstainers' has lived by the philosophy that "abstinence pays off". Naturally, our main objective is to save money for our policyholders. However,

Abstainers' has also made money for our shareholders.

But Abstainers' Insurance thinks of itself as more than just a good investment.

"Non-drinkers, we're for you!" Our new slogan for 1980 says it all. We not only insure non-drinkers but also encourage and applaud their lifestyle. Total abstinence from alcohol, we believe, enriches an individual's life. It opens doors to a healthier, happier, more fulfilling way of life.

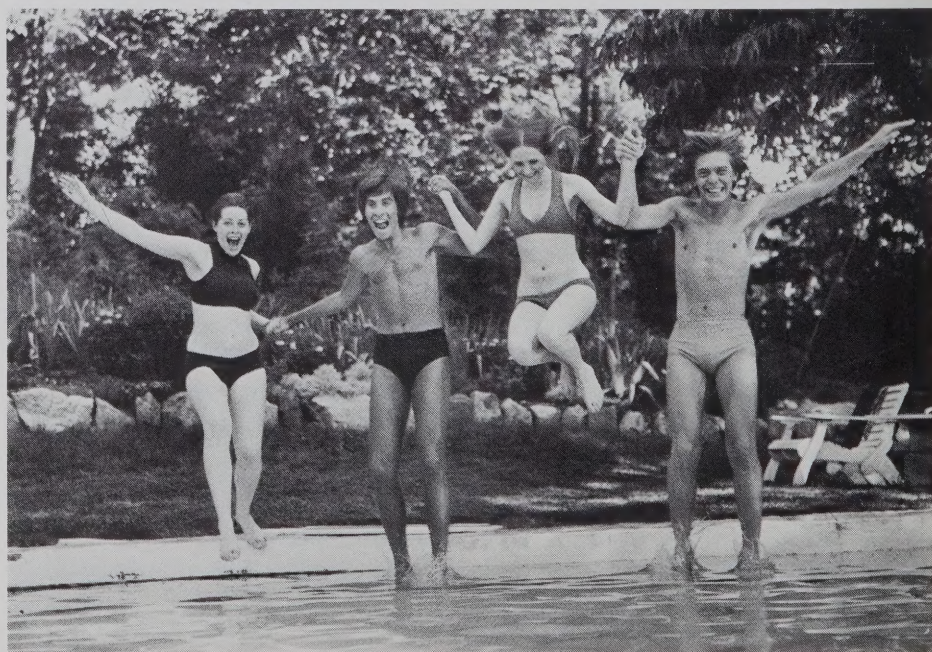
Without alcohol, people greatly reduce their chances of accidents. For example, studies show that almost half the drownings in Canada are alcohol-related. In provinces where the drinking age is lowered, the number of car deaths among teenagers is increased. Non-drinkers are less likely to be involved in crimes, less likely to contract cirrhosis of the liver or peptic ulcers, less likely to die from poisoning, accidental falls or fire. The list goes on and on.



Although Abstainers' avoids crusading, people are beginning to agree with our viewpoint. Statistics show that Canadians, while not fully adopting the abstainer philosophy, are at least drinking less heavily and less frequently. Moderation, coupled with a trend toward fitness, is beginning to take root.

Naturally, we are encouraged by the trend and hope it continues.

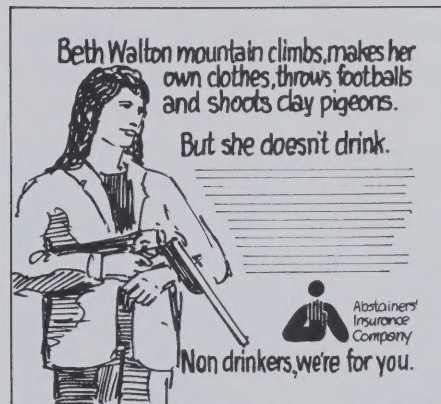
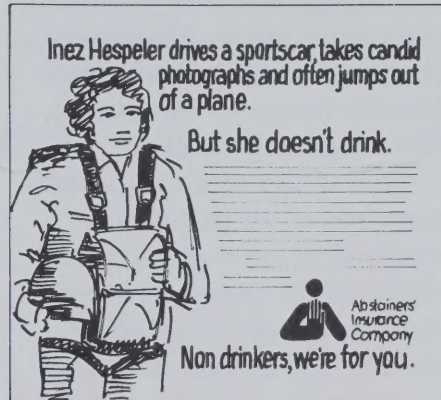
As we said before,





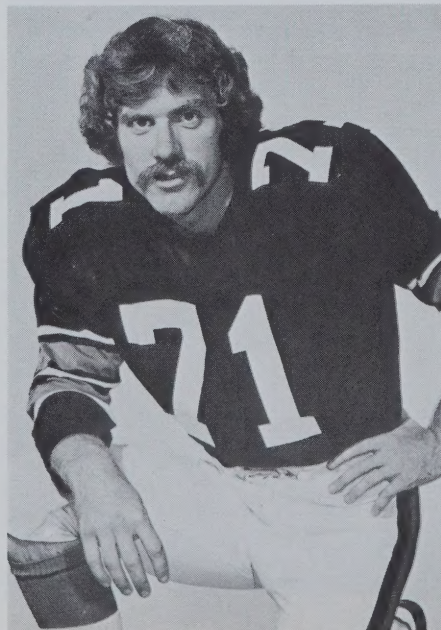
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Abstainers' Insurance does not attempt to convert drinkers. Instead, our aim is to help non-drinkers maintain their convictions. On the other hand, we are disturbed by advertising which implies that drinking is the only way to be socially acceptable and enjoy an active life. So, rather than be a silent minority, we have decided to present a gentle rebuttal. These samples of the ads, featuring real people, Abstainers' policyholders, will appear in church publications across Canada. The people in these ads enjoy their lives, yet they choose not to drink.



For example, the messages will feature people such as Gerry Organ, place kicker for the Ottawa Rough Riders for the past nine years. For Gerry, fitness is a way of life.

"Fitness is an expression of self respect," he says. "Alcohol can deprive you of that self-respect."



Our ads will also feature Paul Cronsberry, a 26-year-old electrician working at Dofasco in Hamilton. Paul enjoys tinkering with his 4×4 truck, riding his motorcycle or snowmobile, camping and hunting.

Why doesn't Paul drink?

"I just don't like the taste of the stuff," he says. "Even when the guys at work go out for a beer, I'm the guy who orders ginger ale."



There are all kinds of abstainers who work and play hard . . . all interesting people who live full, exciting lives yet choose not to drink.

. . . and what about smokers?

Almost every day, new facts emerge about the dangers of smoking. The risks to health are well-known. But there is another drawback; statistics point to smokers as the people most likely to have house fires.

In 1978, Maplex General Insurance was formed to service among others the growing number of non-smokers. While Maplex is

a general casualty insurance company it offers preferred rates to non-smokers on automobile and residential property insurance.

Already, thousands of people enjoy worthwhile savings with Maplex. In the future, Maplex will serve thousands more.

NOW A NEW INSURANCE COMPANY OFFERING HEALTHY SAVINGS FOR NON-SMOKERS

Aren't you glad you don't smoke? Aside from the health benefits, statistics indicate you have less chance of having a house fire.

Now there's an insurance company which recognizes those favourable odds. Maplex General Insurance offers much lower-than-average rates on homeowner and tenant package policies. Cars, can also be covered at worthwhile savings.

To qualify, you and the permanent residents of your household must not have smoked in the last year.

Ask the agent listed here for more information. And get the healthy habit for saving money.



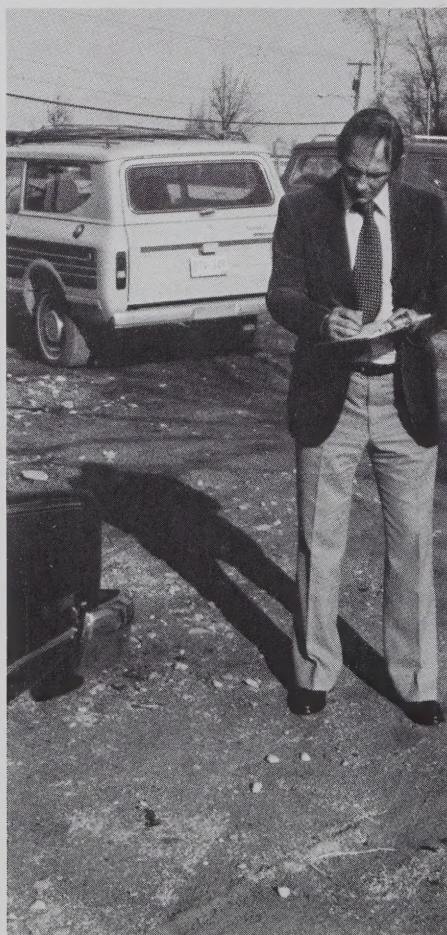
MAPLEX
Maplex General Insurance
A company associated with Abstainers' Insurance.

AGENT'S NAME

A PARTNERSHIP WITH PROFESSIONALS.

When Abstainers' Insurance began, concern was expressed about recruiting enough agents of high calibre who abstained from alcohol. As you can see, our worries were unfounded. Abstainers' agents are among the best in Canada, many of whom also offer Maplex Insurance.

One of the more important measures of an insurance company is how quickly and efficiently it handles claims. Abstainers' put extra effort into fast settlement of claims big or small, over the phone or in person. Abstainers' adjusters are readily available and able to make settlements to the claimant's satisfaction.



To keep pace with the efficiency and friendly service out in the "field", Abstainers' and Maplex have installed a new computerized policy processing system with four video terminals. Policies will be processed quicker and more accurately than ever. It will provide management with invaluable up-to-the minutes reports on the company's position. Moreover, the new computer will allow Abstainers' and Maplex increased capacity for growth in a shorter time.



Every company must keep up with innovations affecting its business. When Abstainers' began, we worked closely with Preferred Risk Mutual in the United States. Now, we share ideas with Ansvar of Sweden, a company about the same size as Abstainers'. Their input has helped us upgrade service and improve methods of communicating the abstinence philosophy.



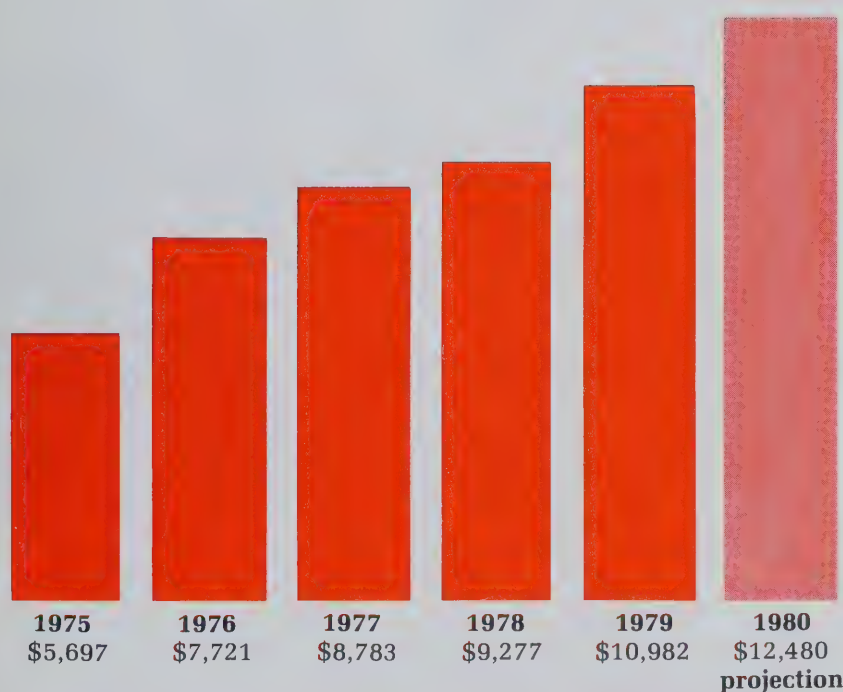
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A SHARE IN A PROMISING FUTURE.

In the 23 years since our beginnings, Abstainers' Insurance has recorded consistent growth. Since 1978, Maplex General has written policies for over 9,000 people.

We expect to continue our growth, not simply because the trend to alcohol moderation or the rejection of tobacco is in our favour, but because we can rely on the efforts of dedicated employees and agents. A company is only as good as its people . . . and we have some of the best.

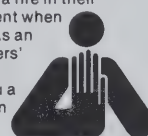
Total gross premiums written (\$000's)



Looking ahead, Abstainers' Insurance and Maplex General will continue advertising to attract more policyholders. The potential for more business is good. Radio commercials, featuring Bill McVean, will run during the summer months for both companies. Also, newspaper ads are available to agents on a 50% co-op basis.

NON-DRINKERS CAN GET SOBER INSURANCE RATES

If you abstain from alcohol, the chances are we can save you money. Statistics prove non-drinkers are less likely to have a fire in their home or an accident when driving their car. As an agent for Abstainers' Insurance, we can probably write you a policy for less than you'd normally pay. Call us or drop in.

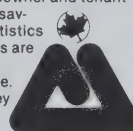


**Abstainers'
Insurance
Company**

AGENT'S NAME

NON-SMOKERS CAN BREATHE EASY ON INSURANCE

If you don't smoke, the chances are we can save you money. As an agent for Maplex General Insurance, we offer lower-than-average rates on car insurance and on homeowner and tenant policies. Why the savings. Because statistics prove non-smokers are generally more responsible people. So why should they get burned on their insurance?



**Maplex
General
Insurance
Company**

AGENT'S NAME

We believe that you will support Abstainers' and Maplex in the years ahead. Because we're more than just a good investment.

We're professionals who endorse lifestyles—lifestyles with a future.

CONSOLIDATED BALANCE SHEET

Maplex Management & Holdings Limited as at December 31, 1979 (Incorporated under the laws of Canada)

Assets	1979	1978
Cash	\$ 34,652	\$ 241,400
Trust funds	68,000	68,000
Accounts receivable	365,046	202,962
Income taxes recoverable		20,000
Accrued interest on investments	142,651	82,046
Net receivable on security transactions		530,844
Marketable securities, at lower of cost and market (quoted market value 1979, \$270,375; 1978, \$679,600)	270,375	644,518
Investments (note 2)	18,374,676	14,544,705
Fixed assets, at cost		
Furniture and equipment	\$ 8,747	
Automobiles	40,128	
Leasehold improvements	6,698	
	55,573	
Less accumulated depreciation	29,031	30,322
	<u>26,542</u>	<u>30,322</u>
	<u>\$19,281,942</u>	<u>\$16,364,797</u>
Liabilities		
Bank indebtedness (note 3)	\$ 1,112,621	\$ 1,342,300
Accounts payable and accrued liabilities	604,838	489,879
Provision for unsettled claims and adjusting costs	5,261,908	5,443,644
Payable to investment dealers		124,660
Unearned premiums	4,507,598	3,586,560
Note payable	10,000	20,000
Income taxes payable	458,879	
	<u>11,955,844</u>	<u>11,007,043</u>
Minority interests	<u>1,252,403</u>	<u>1,262,576</u>
	<u>13,208,247</u>	<u>12,269,619</u>
Shareholders' Equity		
Capital Stock		
Authorized		
2,000,000 Common shares of no par value		
Issued		
439,187 Shares	1,584,746	1,584,746
Retained earnings	4,488,949	2,510,432
	<u>6,073,695</u>	<u>4,095,178</u>
	<u>\$19,281,942</u>	<u>\$16,364,797</u>

Approved by the Board



Director



Director

CONSOLIDATED STATEMENT OF INCOME

Maplex Management & Holdings Limited, year ended December 31, 1979

	1979	1978
Income		
Premiums earned—net	\$10,221,059	\$8,530,774
Income from investments	1,313,358	963,670
Other	20,885	55,621
	<u>11,555,302</u>	<u>9,550,065</u>
Deduct expenses		
Claims	6,489,718	5,633,836
Salaries and commissions	2,748,296	2,271,713
Interest on borrowings	121,196	102,665
Minority interest share of earnings	129,303	125,300
Other	1,254,717	1,059,817
	<u>10,743,230</u>	<u>9,193,331</u>
Income before undernoted items	812,072	356,734
Income taxes (reduction)	105,500	(43,015)
Income from operations	<u>706,572</u>	<u>399,749</u>
Gain on securities net of income taxes of \$485,000 in 1979 and \$126,000 in 1978	<u>1,412,485</u>	<u>390,751</u>
Net income	<u>\$ 2,119,057</u>	<u>\$ 790,500</u>
Earnings per share		
Income from operations	<u>\$1.61</u>	<u>\$.91</u>
Gain on securities net of income taxes	<u>3.21</u>	<u>.89</u>
Net income	<u>\$4.82</u>	<u>\$1.80</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Maplex Management & Holdings Limited, year ended December 31, 1979

	1979	1978
Balance at beginning of year	\$ 2,510,432	\$1,884,269
Net income	<u>2,119,057</u>	<u>790,500</u>
	<u>4,629,489</u>	<u>2,674,769</u>
Goodwill written off		98,459
Dividends paid	<u>140,540</u>	<u>65,878</u>
	<u>140,540</u>	<u>164,337</u>
Balance at end of year	<u>\$ 4,488,949</u>	<u>\$2,510,432</u>

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Maplex Management & Holdings Limited, year ended December 31, 1979

	1979	1978
Funds derived from*		
Net income	<u>\$2,119,057</u>	<u>\$790,500</u>
Funds applied to*		
Dividends paid	140,540	65,878
Goodwill written off		98,459
	<u>140,540</u>	<u>164,337</u>
Increase in net assets	<u>\$1,978,517</u>	<u>\$626,163</u>

*For the purpose of this statement funds have been defined as net assets of the company.

AUDITORS' REPORT

To the Shareholders of Maplex Management & Holdings Limited

We have examined the consolidated balance sheet of Maplex Management & Holdings Limited as at December 31, 1979 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1979

and the results of its operations and the changes in its financial position for the year then ended in accordance with accounting principles described in note 1(a), applied on a basis consistent with that of the preceding year.

Thorne Riddell & Co.

Chartered Accountants
January 25, 1980
Toronto, Canada

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Maplex Management & Holdings Limited, year ended December 31, 1979

1. ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements include the accounts of Maplex Management & Holdings Limited, its 99.9% owned subsidiary Abstainers' Insurance Company and its 100% owned subsidiaries Trans-Canada Investment Corporation Limited and Maplex General Insurance Company.

The company's interest in McCaul-McGowan Insurance Agencies Limited is accounted for at cost plus share of earnings since acquisition less dividends received.

The accounts of Maplex Management and Trans-Canada are presented in accordance with generally accepted accounting principles.

The accounts of Abstainers' and Maplex General Insurance are presented in accordance with accounting principles prescribed or permitted by the Ontario Department of Insurance. However, in certain respects, as explained below, they are not in conformity with generally accepted accounting principles.

(i) The costs of acquiring new business are written off as expenses in the year incurred.

(ii) The income tax charge against operations and the related liability are determined using the "taxes payable" method.

(b) Depreciation

The company is using the following rates of depreciation annually on the declining asset balances:

Furniture and equipment	20%
Automobiles	30%

Leasehold improvements are written off in equal instalments over six years.

2. INVESTMENTS

	1979	1978
Marketable securities, at cost (quoted market value 1979, \$18,479,246; 1978, \$15,115,780)	\$18,212,347	\$14,405,162
McCaul-McGowan Insurance Agencies Limited—100% of the outstanding common shares, at cost plus share of earnings since acquisition less dividends received.	162,329	139,543
	<u>\$18,374,676</u>	<u>\$14,544,705</u>

3. BANK INDEBTEDNESS

Bank indebtedness is composed of the following:

	1979	1978
Term bank loan	\$ 800,000	\$ 900,000
Operating loans, payable on demand	<u>312,621</u>	<u>442,300</u>
	<u>\$1,112,621</u>	<u>\$1,342,300</u>

The operating bank loans are secured by specific marketable securities.

The term bank loan is secured by shares of the subsidiary companies. Repayments of principal on the loan are to be

made by March 31, in each year as follows:

\$100,000—1981

\$150,000—1982 and 1983

\$200,000—1984 and 1985

Interest is payable monthly at 1% above the bank's prime rate.

4. COMPARATIVE FIGURES

Certain 1978 comparative figures have been reclassified to conform with the financial statement presentation adopted for 1979.

5. CERTIFICATE OF CONTINUANCE

The company applied for and received a Certificate of Continuance under the Canada Business Corporations Act dated April 24, 1979. The authorized capital consists of 2,000,000 common shares of no par value.

ABSTAINERS' TEN YEAR FINANCIAL SUMMARY

(In thousands except per share amounts and percentages)

	1979	1978
Gross Premiums Written	10,982	9,277
Reinsurance	475	483
Net Premiums Written	10,507	8,794
Premiums Earned	9,793	8,503
Claims & Adjusting Expenses	6,160	5,617
General Expenses	3,763	3,129
Underwriting Profit (Loss)	(130)	(243)
Investment Income	1,186	770
Income Before Undernoted Items	1,055	527
Income Taxes	161	(34)
Income From Operations	894	561
Gain On Securities net of income taxes	1,289	374
Net Income	2,183	935
Preferred Dividend Paid	122	122
Common Earnings	2,061	813
—Per Share		
—On Operations	6.10	3.46
—Gain On Securities	10.18	2.95
Common Dividends	253	177
—Per Share	2.00	1.40
Equity Per Share	43.66	29.39
Industry Loss Ratio	Not available	68.3%
Company Loss Ratio	62.9%	66.1%
Company Expense Ratio	38.4%	37.0%
Company Combined Ratio	101.3%	103.1%
Shares Outstanding	127	127

1977	1976	1975	1974	1973	1972	1971	1970
3,783	7,721	5,697	3,951	3,377	2,967	3,023	3,152
422	330	245	109	197	208	152	164
3,361	7,391	5,452	3,842	3,180	2,759	2,871	2,988
3,047	6,696	4,805	3,639	2,997	2,704	2,893	2,945
5,089	4,294	3,117	2,340	1,927	1,889	1,970	2,587
2,900	2,394	1,682	1,269	1,069	966	921	936
58	8	6	30	1	(150)	3	(578)
612	442	397	344	278	265	254	230
670	450	403	374	279	115	257	(348)
5	67	75	146	48	(49)	2	2
665	383	328	228	231	164	255	(350)
153	7	2	3	93	148	1	2
818	390	330	231	324	312	256	(348)
43	10	10	10	10	10	10	10
775	379	320	221	314	302	246	(358)
4.91	3.03	2.52	1.72	1.75	1.21	1.94	(2.83)
1.21	.05	.01	.03	.73	1.17	—	.01
177	50	32	32	32	32	32	32
1.40	.40	.25	.25	.25	.25	.25	.25
4.37	19.65	17.05	14.77	13.28	11.05	8.78	4.90
3.0%	69.2%	72.7%	77.9%	72.6%	69.4%	67.5%	70.8%
3.2%	64.1%	64.8%	64.3%	64.3%	69.9%	68.1%	87.9%
3.0%	35.7%	35.0%	34.9%	35.6%	35.7%	32.0%	31.3%
9.2%	99.8%	99.8%	99.2%	99.9%	105.6%	100.1%	119.2%
127	127	127	127	127	127	127	127

Agents

Ontario

- Abscohood Insurance Scarborough
Abscohood Insurance Parry Sound
Absta Insurance Agency Rexdale
Alsop Insurance Agency Stouffville
*Ark Insurance Agency Willowdale
Bruce Benson Insurance Schomberg
Ray Bickle Insurance Port Hope
Bogar Insurance Agency Welland
*B. Bonvanie Limited Willowdale
Bronson Insurance Bancroft
Alex U. Brown Insurance Milliken
Brown Insurance Agency Ottawa
Murray E. Bundock Insurance Toronto
*R. Barry Burns Insurance Ajax
Conestoga Insurance Cambridge
G. B. Cragg Insurance Orillia
L. D. Crawford Insurance London
Creamer-Tolmacs St. Catharines
*Dalco Insurance Agencies Hamilton
Daly, Farnworth & McGregor Guelph
**Stan Darling Limited Burks Falls
Davy Real Estate Kingston
Cliff A. Dawson Insurance Haliburton
J. F. Enright Insurance Belleville
Erb & Erb Insurance Kitchener
Fowler Insurance Brantford
*David G. Franco Scarborough
Earl G. Ferris Burlington
J. B. Gilbert & Son Rexdale
*Gracie & Johnston Peterborough
Stan L. Graham Scarborough
Hall & Hall Insurance London
Lloyd Henderson Willowdale
*Henderson-Farewell Grimsby
Bob Hogg Insurance London
*Robert R. Hood Don Mills
Bert Hoogendam Insurance Sarnia
J. C. House Insurance Windsor
H. Knox Insurance North Bay
Ledoux, Lew & Patterson Mississauga
*Levy Insurance Agencies Willowdale
Norman R. Lusk Norwich
McCaul-McGowan Don Mills
*J. B. McCausland Grimsby
J. A. McEdwards Hamilton
McEnery Agencies Erin
McFaul-Ferguson Owen Sound
**McLean & Dickey Orillia
Ross Macdonald Ridgetown
David Mackay Belleville
M. March Insurance Toronto
T. Mark & Son Peterborough
E. C. Maves Pembroke
Moller Insurance Scarborough
W. E. Montgomery Grand Valley
*Nelson Insurance Burlington
Howard Noble Insurance Creemore
Howard Noble Insurance Collingwood
Peninsula Insurance St. Catharines
*Brian Petrie Insurance Toronto
**Robert S. Pfrumter Port Carling
Harold I. Pond Insurance Simcoe
Port Colborne Insurance Port Colborne
*T. Poulton Insurance Markdale
*Powassan Insurance Powassan
Robert C. Quick Kingsville
Stephen R. Rawn Huntsville
Rideau Insurance Westport
SB Insurance Toronto
Saunders & Schultz Hamilton
Cal Schultz Insurance Burlington
S. H. Schultz Insurance Hamilton
Walter G. Scott Insurance Niagara Falls
W. H. Scrivens & Son Ottawa
Shank Insurance Agency Oshawa
*Skelton Insurance Toronto
Delbert R. Smith Ottawa
*M. L. Souter Insurance Hamilton
Smith & Pearson Insurance Toronto
J. D. Snedden Insurance Stratford
C. H. Soehner Insurance Elmira
Jack Stam Insurance Trenton
*E. E. Starr Insurance Woodstock
Ed Tower Insurance Sutton West
John Treacy Insurance Bowmanville
**A. S. Van Allen Insurance Kemptville
Van Mansum Insurance Ottawa
Wagg's Insurance Uxbridge
Harry E. Waghorn St. Marys
Whetter Insurance Oakwood
*Whiting-Labrosse Insurance Oakland
Raymond G. Williams St. Thomas
W. J. Wood Agencies Smiths Falls
Earl Yungblut Insurance Neustadt

Alberta

- Action Insurance Calgary
E. Anderson Agencies Hughenden
*Bru Agencies Hanna
**Mrs. Marie Buhler College Heights
*Dadswell-Forster Insurance Lethbridge
**H. J. Dyck Agencies Delburne
J. Lundy Findlay & Son Vulcan
Garnett-Dadswell Insurance Edmonton
Green, Flanagan & Maguire Bassano
Hunt Insurance Lethbridge
Hunt, Morris & Associates Calgary
*Island Agencies Bow Island
McCallum Insurance Red Deer
Marusin-Biggs Insurance Edmonton
Medicine Hat Insurance Medicine Hat
Ockermueller Agencies Calgary
Palmer Salmon Insurance Calgary
Protek Insurance Edmonton
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